

MINISTRY OF REVENUE

DEREGULATION REPORT II

SUMMARY OF 29 MEASURES

FOR 1978-79

August, 1978



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INTRODUCTION

The Report on Deregulation of April, 1978 described the Ministry's approach to streamlining its public dealings, and provided details of recent actions and future plans. The report was based on two main tenets:

- ▶ The simplification of Provincial tax and municipal property assessment operations is mutually advantageous to the Ministry and taxpayers, in terms of the minimization of administration and compliance costs.
- ▶ Because of the growing scale and complexity of these operations, simplification has been recognized publicly as a major priority of the Ministry since 1975.

Using the April Report as a base, this second report summarizes simplification actions taken since that time and provides target dates for a series of further measures in 1978-79¹

This report deals with 29 simplification measures in:

- ▶ The Revenue Division, which administers the Provincial Tax System and Guaranteed Income "A" - Tax Credit programs, and
- ▶ The Assessment Division which is responsible for municipal property assessment and related activities.

Further information on the measures summarized in this Report II is available on request.

¹ Attached for fuller reference is, Ministry of Revenue: Report on Deregulation (April 7, 1978), hereinafter referred to as Report I.

SECTION I: REVENUE DIVISION

Background

This Division administers 13 tax statutes, involving the collection of about \$5 billion in direct revenues and dealings with some 397,000 taxpayers engaged in the widest range of business activities. In addition, it is responsible for the GAINS "A" program covering some \$106 million in 12 monthly payments to 270,000 recipients, as well as with liaison with Revenue Canada on the administration of over \$400 million in Ontario Tax Credit payments.²

Classification of Initiatives

Recent and planned actions covered in this section are classified under the same headings used in Report I: namely,

- A. Taxpayer Information Support and Liaison Services
- B. Design of Tax Assessment Forms and Filing
- C. Time Processing of Tax Returns, Assessments and Rebates
- D. Advance Rulings, Appeals and Settlements
- E. French Language Services
- F. Streamlining Legislation and Regulations
- G. Cooperation with Ottawa, Other Ministries Provinces and Municipalities
- H. Internal Administrative Efficiency.

² For a fuller analysis of the implications of projected growth and continued tax changes see, Goals and Objectives for the Revenue Division: A Five-Year Plan (November, 1977).

A. TAXPAYER INFORMATION, SUPPORT AND LIAISON

MEASURE 1: MINISTRY REFERENCE GUIDES

Constant changes in taxes, business practices and tax rolls, produce a continued need for information on how to contact the Ministry. Two new pamphlets are scheduled:

- ▷ a General Guide to the Ministry, designed to aid new businessmen on how and whom to contact for information.
- ▷ a Detailed Reference on Ontario Tax Statutes designed to provide technical information to tax lawyers and accountants.

Targets Respectively, October and November, 1978.

MEASURE 2: RETAIL SALES TAX: NEW VENDOR KITS

Since adequate staff will not be available to visit all new vendors, special New Vendor Kits have been prepared to provide others with clear information on compliance requirements and contact points for enquiries.

Target After the Retail Sales Tax rate is returned to 7% in October, kits will be mailed to all new vendors; and will be made available at all District Offices, Northern Affairs Offices, and to Ministry of Industry and Tourism and Consumer and Commercial Relations.

MEASURE 3: RETAIL SALES TAX: REINSTATEMENT OF 7% RATE

The scheduled increase in the general Retail Sales Tax rate to 7% in October will require a full information program, comparable to Budget tax changes. This involves:

- ▷ printing and distributing thousands of new rate cards
- ▷ bulletins
- ▷ media advertising

Options are being prepared for approval.

Target As approved, for implementation during September, for effect in October, 1978

MEASURE 4: RETAIL SALES TAX: SETTLER'S EFFECTS

Migration and immigration involves the problem of taxation of recent purchases made elsewhere. A new pamphlet on Moving to Ontario has been designed for distribution through Canadian embassies, consular offices and customs points, as well as Ontario overseas offices and foreign government facilities.

Target: August, 1978.

MEASURE 5: GAINS "A"/OTC PROGRAM INFORMATION

Report 1 detailed the 30-language telephone service provided to GAINS/OTC recipients, which deals with some 200 thousand enquiries annually. This system has now been further improved by switching from a Zenith to a WATTS system, by which people can dial direct without using Bell operators. This innovation will allow quicker access, and particularly foreign-speaking clients to immediately deal with the Branch in their own language without clearing in English through Bell operators first.

Target: Immediate implementation.

MEASURES 6: ONTARIO TAX CREDIT KIT AND GENERAL POSTER

Since the beginning of the Ontario Tax Credit program, the Branch has undertaken an extensive program of advertising, seminars etc. In addition to revising existing booklets and information kits, (two additional actions are underway)

- ▷ publication of a bilingual General Poster on Ontario Tax Credits for placement in all municipal offices, designed to emphasize the Government's relief of property taxes.

Target: Implementation in stages; distribution of poster currently underway, increased visits to remote communities continuing.

B. DESIGN OF TAX ASSESSMENT FORMS AND FILING

MEASURE 7 : RETAIL SALES TAX: VENDOR RETURN CARD

Measures designed to streamline the internal efficiency of the computer system often result in benefits to the taxfiler. Recently introduced system advancements have resulted in simplified vendor return cards.

Target: Immediate Implementation

MEASURE 8 : RETAIL SALES TAX: NEW VENDOR APPLICATION FORM

Enhancements to the Retail Sales Tax computer system, designed to store increased amounts of pertinent tax data required introduction of a new vendor application form.

As a result the new vendor application form requires the applicant to provide more information initially, however, in the long run he will be required to do less.

Target: Immediate Implementation

C. TIME PROCESSING OF TAX RETURNS, ASSESSMENTS
AND REBATES

MEASURE 9: RETAIL SALES TAX: COMPUTER SYSTEM REDESIGN

Completion of the implementation of the Corporations Tax data base computer system has freed resources for a feasibility study into its possible application to the Retail Sales Tax system. This will allow much faster responses to vendor enquiries concerning the status of accounts.

Target: The study to be completed by January, 1979 will dictate the scheduling of any subsequent events.

MEASURE 10: SUCCESSION DUTY: REVISION OF LOCK-BOX PROCEDURES

A new procedure allows the executors of an estate to remove the contents of the deceased's safety deposit box immediately upon listing its contents. This reduces unnecessary delays in releasing the contents of lock-boxes.

A bulletin announcing the revisions has been distributed to the profession.

Target: the revised procedure has been in effect since August 1, 1978.

D. ADVANCE RULINGS, APPEALS AND SETTLEMENTS

MEASURE 11: ESTABLISHMENT OF AN ADVANCED RULING
SERVICE FOR ALL TAXES

The Corporations Tax Branch has introduced recently an advance ruling service, at a nominal charge, to any corporation interested in obtaining such advice. This program allows greater certainty in terms of corporate planning. This system is working to everyone's satisfaction.

Other Branches are studying the possibilities based on this experience, again with a view to providing greater certainty.

Target: To be determined according to availability of resources and client responses.

MEASURE 12: ESTABLISHING INSTANTANEOUS SETTLEMENTS OF
PERMITS AND ACCOUNTS - MOTOR VEHICLE FUEL
TAX.

The Gasoline Tax Branch has joined the Transceiver East system to provide instant issuance of single trip permits for out of province carriers and instant settlement of fees and accounts. This is accomplished by telephone rather than forms and greatly reduces the need for subsequent review and assessments and disputed.

Target: The procedure was fully implemented as of August 1, 1978.

E. FRENCH LANGUAGE SERVICES

The recent April report of the Ministry's Advisor on Bilingualism was cited by the Government Bilingualism Coordinator as a model report for other advisors.

MEASURE 13: COUNTER AND TELEPHONE SERVICE

Bilingual counter and telephone service is available in all Ministry Regional Offices located in designated bilingual areas. The Ministry bilingual advisor monitors the inventory of bilingual staff on an on-going basis to ensure that the present quality of service is maintained.

Target: On-going

MEASURE 14: NOTICE ON BULLETINS

French translations of all tax bulletins are available on request. To further publicize this service, a French message stating that French translations are available will appear on all tax bulletins.

Target: September 1, 1978

ME/ RE 15: Bilingual Signage

In accordance with Management Board policy, the Ministry is moving at once to erect bilingual signage on all area and regional offices located in officially designated bilingual areas.

Target: March 31, 1980 - as per Management Board Directive.

F. STREAMLINING LEGISLATION AND REGULATIONS

The Revenue Division is currently undertaking several feasibility studies, the results of which will dictate future initiatives.

MEASURE 16: AMALGAMATION OF STATUTES

Given the similarity between the concepts of Motor Vehicle Fuel Tax and Gasoline Tax, a study has been commissioned to determine the practicality of combining the two statutes into a Vehicle Fuel Tax Act.

Target: The study will be completed by March, 1979.

MEASURE 17: ELIMINATION OF ORDERS-IN-COUNCIL:

Cabinet requested all Ministries to review their existing legislation with a view to eliminating the requirement for Orders-in-Council of a routine nature. The Legal Services Branch has undertaken a review to identify areas in the Ministry where effect could be given to Cabinet's request. Any recommendations proposing amendments to achieve this objective will be proposed from time to time as appropriate, particularly when other amendments to the relevant legislation are under consideration.

As a first step the Ministry is preparing a proposal which would permit the federal Minister of Revenue to action orders for re-mission of Income Tax on the Province's behalf.

Target: The review will be completed September, 1978.

G. COOPERATION WITH OTTAWA, OTHER MINISTRIES
PROVINCES AND MUNICIPALITIES

Owing to the nature of the Ministry's operations close cooperation is imperative.

MEASURE 18: FOCAL POINT FOR INFORMATION FLOWS

The Ministry has designated its Revenue Research Branch as its contact for tax related interactions with both other Ministries and jurisdictions.

Target: Ongoing. This provides fast coordinated responses to enquiries concerning any Revenue program using one call instead of several.

MEASURE 19: INTERMINISTERIAL COOPERATION

A recent decision was made to implement commitment accounting based on a financial data base system utilized by the Ministry of Education.

In return for that Ministry's assistance, this Ministry provided certain enhancements which are currently utilized by both Ministries.

Future systems development will be continued in this interactive mode.

Target: This is an ongoing endeavour.

MEASURE 20: REGISTRATION OF VETERANS LANDS

A procedure to speed the registration of lands purchased under the Veterans Land Act has been negotiated between the Director of Veterans Land and the Province.

Target: The procedure was implemented May 1, 1978.

H. INTERNAL ADMINISTRATIVE EFFICIENCY

MEASURE 21: FOCUSING OF TAX BULLETINS

The Corporations Tax Branch has undertaken a survey of taxfilers to define their client group in terms of need. The information is then stored to ensure selective distribution in compliance with the taxfilers wishes.

The experience of this Branch will now be applied to other areas.

Target: The Corporation's Tax system is operational. Refinements are ongoing. The experience will be applied to other bulletin programs by December, 1978.

MEASURE 22: LAND TRANSFER AND LAND SPECULATION
TAX. PROCEDURAL INNOVATIONS

Measure 3 on page 10 dealt with the procedure adopted for the registration of lands purchased under the Veterans Land Act. This action has resulted in a decreased administrative workload for those members of the Ministry's staff responsible for the issuance of clearances under the Land Speculation Tax Act and the Land Transfer Tax Act.

Target: The provisions have been adopted.

THE ASSESSMENT DIVISION

There are seven measures planned in the Assessment Division which are in line with the Government's objectives on "deregulation" in the Ministry's Report on Deregulation of April 7, 1978:

There exists approximately 140 different assessment systems, which were inherited at the time of Provincial takeover. Since these systems are antiquated and riddled with inequities, taxpayer frustration and misunderstanding has continued to escalate. In light of the decision to delay province-wide implementation of market value assessment, the Division plans the following measures:

MEASURE 23: SPECIAL ASSESSMENT EQUALIZATION IN PROBLEM MUNICIPALITIES

The delay in province-wide reassessment and property tax reform has created severe problems in some municipalities. Consequently, where a municipal council requests by resolution, the Ministry will invoke Section 86 of the Assessment Act to correct assessment distortions within specific property classes. This will:

- ▷ correct inequities among taxpayers within classes
- ▷ make municipal taxes more defensible, thereby reducing appeals and preventing large scale reduction in municipal revenues
- ▷ prevent tax shifts to residential properties
- ▷ protect existing municipal grants.

Target:

 On receipt of municipal resolutions, immediate implementation for local taxation in 1979.

MEASURE 24: OPEN HOUSES AND PUBLIC INFORMATION

In support of MEASURE 23, the Ministry will mount a full-scale information program for municipal councils and the ratepayers involved to fully explain the program.

- ▷ Councils and officials will be provided with completely new assessment rolls, and analyses of property-by-property changes.
- ▷ All ratepayers will be provided information on their own properties, and through Open Houses will be able to check their assessments against others and be briefed on appeal procedures and opportunities.

Target: Immediate, coincidental with implementation of MEASURE 23.

MEASURE 25: TAXPAYER SERVICE: NEW PROPERTY ASSESSMENT NOTICES

Annual Assessment Notices to all property owners are being extensively redesigned to: improve mailing accuracy; reduce errors and duplications; and provide taxpayers with more precise and additional information on how their properties are assessed, with particular emphasis on assessment changes.

Target: October 1979

MEASURE 26: TAX SERVICE: NEIGHBOURHOOD ASSESSMENT

In 1977 staff in 30 Regional Assessment Offices were redeployed on a neighbourhood basis. As this system matures, individual assessors will become more clearly identifiable and provide closer "customer service" to local ratepayers and officials.

Target: Continuing through 1978 and 1979.

MEASURE 27: ADDITIONAL FRENCH LANGUAGE SERVICE

Work is underway to develop a mechanism in the annual enumeration process whereby francophones can be better identified and serviced.

The Enumeration Notice will incorporate a check off to obtain French language Notices and other correspondence.

Target: For 1979 Enumeration

MEASURE 28: CONSOLIDATION OF PROVINCIAL LAND TAX

In April, 1978 the Provincial Land Tax was transferred from Ministry of Natural Resources to Revenue. The PLT is now being fully integrated with the Ministry's property assessment operations. This will be particularly beneficial to taxpayers in Northern Ontario, through the elimination of previously separate assessment notices and separate property tax bills.

Target: June, 1979

MEASURE 29: IMPROVED PUBLIC INFORMATION

The Ministry receives many requests for assessment information from other ministries, local authorities, planning officials and private appraisers. These often raise problems concerning confidentiality and supply costs. However, interested parties have been invited to specify their data needs, with a view of incorporating them in the Ministry's regular information processes and meeting as many external needs as possible.

Target: Studies can be completed in early 1979, for policy determination and subsequent implementation.

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